

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT AND POVERTY ALLEVIATION
LOK SABHA**

UNSTARRED QUESTION NO:7255
ANSWERED ON:14.05.2002
ADMINISTRATION OF CONTRACTS
RAGHUNATH JHA

Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVIATION be pleased to state:

- (a) whether the Ministry had initiated measures in 1994 to streamline the administration of contracts but cases continue of avoidable payments to the contractors amounting to several crores of rupees and deficiencies continue in the system of monitoring and management of arbitration cases in CPWD leading to delay in follow-up action and rejection of 94 per cent of the claims;
- (b) if so, the reasons for the administration of contracts not coming up satisfactorily and the continued squandering of public money by the contractors and the continued deficiencies in the system of monitoring and administration of arbitration cases; and
- (c) the steps taken to improve the working of CPWD and to fix accountability and responsibility of the officials in this behalf?

Answer

MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT & POVERTY ALLEVIATION (SHRI BAN DATTATREYA)

(a): Yes, Sir. In pursuance of observations of the 50th Report of the Public Accounts Committee (1992-93) a Techno Legal Cell in Central Public Works Department at the Head Quarter was created for monitoring of Arbitration cases. Similarly posts of Superintending Engineers Techno Legal Quality Assurance were created in the Regional Head Quarters in 1994-95 for monitoring arbitration cases. It is not correct to say that cases continued of avoidable payments to the contractors amounting to several crores of rupees. It has been found that in 327 cases out of 380 cases, total amount of award given in favour of the contractor was only about 19.76% of the total amount claimed and the award amount plus interest was only about 8.21% of the total agreement amount. Thus, 80.24% claims of the contractors were rejected by the arbitrator.

(b): The administration of contracts in Central Public Works Department is satisfactory. There is a well established system for monitoring and administration of arbitration cases. Arbitration is a remedy given to the contractors and is a dispute settlement mechanism for all disputes having arisen in execution of the contract and it is a substitute of litigation in a Court of Law which is often time consuming. The Arbitrators after considering the facts and merits of the case, give the award which is generally a small percentage of the total claims, made by the contractor and the total amount of the awards given for all the works during a year is extremely small compared to the total amount of work done by the Department through the contracts.

(c): Following additional steps have been initiated:

(i) Maintaining Control Register at Zonal Level in addition to existing provisions of monitoring as laid down in Central Public Works Department Manual.

(ii) For defending the arbitration awards in Courts, a time schedule has been prescribed.